

## **FISCAL NOTE**

### **SB 1787 - HB 1741**

March 28, 2001

#### **SUMMARY OF BILL:**

- Adds new language that makes willful failure, refusal or neglect of a person required to collect, account for and pay taxes to the state a Class A misdemeanor. Under current law, TCA 67-1-1440, it is a Class E Felony to commit any form of tax fraud whether it be willful failure to file returns or filing false and fraudulent returns. If, however, the person had previously entered into a compromise agreement with the Department of Revenue then the offense would remain a felony.
- Prohibits the Department of Revenue from entering into compromise agreements with a taxpayer who has previously been granted a compromise.

#### **ESTIMATED FISCAL IMPACT:**

**Decrease State Expenditures - \$1,600 Every 3 Years / Incarceration**

**Increase Local Govt. Revenues - Not Significant**

**Increase Local Govt. Expenditures - Not Significant**

The estimate assumes:

- a decrease in state expenditures resulting from individuals who would have been prosecuted and convicted of a Class E Felony in the absence of the bill that may be eligible for prosecution and conviction as a Class A misdemeanor upon passage of the bill.
- the impact depends upon the number of persons convicted of this offense and the resulting increased cost to local governments to confine such persons versus the increased revenues to local governments from fines levied and collected under the provisions of this bill.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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